

"Sick" Insurance



What Type of Health Insurance will you have?

Sure, mom and dad's policy covers you now, but soon you're going to have to make some choices. After you head out on your own, who will cover you when you're sick?

- Do you need to see the doctor every other month? - Maybe an HMO is for you!
- Do you feel the need to be able to go to a variety of doctors? - Maybe a PPO is for you!
- Are you the type of person that only goes to the hospital after the bleeding starts, and feels comfortable with basic benefits? Maybe an Accident & Sickness policy is right for you!

Most people will find health coverage through their employer. Some people own their own business, are not offered health insurance, or want an individual policy. Here is some information to use when shopping for insurance.

If you're headed out on your own...

Most family policies will cover a dependent (you) while you're in the house and under the age of 19. Once you are out on your own, the first thing you need to know is whether or not your employer offers health insurance. If not, you should start looking for an individual policy. Don't wait until that first ER trip gets you \$10K in debt before you realize that a health policy probably is a wise idea.

If you're headed to the military...

The military often will send you to the infirmary when you're sick. They may also cover you when you're off base. Most individual policies will not cover someone while they are on military duty. If you are looking into a separate policy, remember to read the exclusions.

If you're headed to college...

Check your parents' policy. If you are listed as a dependent on your parents' tax return and maintain a full-time student status, you could probably stay on their policy. If the college is offering a Student Health Policy, read the policy very carefully. Some policies cover you adequately, but some may be lacking coverage important to you.

Types of Coverage

Major Medical policies will generally have a deductible and a co-insurance with a lifetime maximum limit. (This is usually \$1M or more) These policies cover medically necessary Dr. visits and hospitalizations along with physical therapy, outpatient surgery, etc. This type of policy can be offered with or without a PPO network provision. This offer would be up to the insurance company.

HMO policies offer coverage similar to that of a Major Medical policy. These policies have co-payment obligations for the insured for the various covered benefits. (Example would be \$15 prescription co-payment, \$20 Dr. office visit co-payment, and \$200 hospitalization co-payment) This is a managed care plan where you choose your primary care physician (PCP) from a list of network providers. Your PCP is typically responsible for the management of most aspects relating to your healthcare. HMOs require that an in-network doctor provide care in order to have your claim paid by the HMO. (There are exceptions for emergency room care) Be sure to read the policy related to emergency room care coverage. Many HMOs require referrals and pre-authorizations for any care other than a PCP visit. Be sure you understand your contract and your obligations for getting referrals and pre-certifications before you receive treatment. These policies will also have exclusions and non-covered services in the same way as a Major Medical policy. Make sure you understand the limitations on your policy.

Hospital/Surgical policies offer a schedule of benefits for specific services. These policies list the medical service and the maximum the policy will pay for each service. For example the schedule will list various types of surgery with a limit.

Appendectomy...\$500 Tonsillectomy...\$500
Hernia Repair...\$300 Heart Surgery...\$1,000

There may be limits on the payment toward the Surgeon's fees, payment toward the daily hospital room fee, etc, regardless of the actual cost of the service. These policies also have exclusions and exceptions so read the contract carefully.

Indemnity policies offer a fixed amount of payment for the type of service or disease or injury. Hospital indemnity and Specified Disease (Cancer generally) policies pay limited amounts. The policy will chart out when coverage is applicable and what the specific amount is that they will pay. (Example:

Hospitalizations for covered illnesses pay \$125 per day; ER visits pay \$50 per visit) These policies also have exclusions and exceptions so read the contract carefully.

Policy Terms

PPO-Preferred Provider Organization

"A network of health care providers who have agreed to provide care to patients subject to contractually established reimbursement rates."

-1999 American Accreditation Health Care Commission/URAC

There are many types and styles of PPOs. One way to keep prices down is to share the cost with you. One common style of PPO may pay 80/20 if you go to a doctor that's in the network of providers. If you go out of the network, the amount a PPO pays will change (usually less).

- **80/20**- The PPO will pay for 80% of your bill; you pay 20% after any applicable deductibles.

-**Usual & Customary Charges**- The Company has a standard rate for a procedure or visit. If the doctor charges above that amount, they exceed the company's "Usual and Customary amount".

Co-Insurance is the amount you pay to the doctor or provider at the time of service. The doctor directly collects this amount of your shared cost of insurance. Co-pays are listed as percentages. For example a 70/30 plan means the company pays 70% and your shared cost is 30%.

Deductible is the specific amount of claims you will pay before the company pays. *The higher your deductible, the lower your premium can be.*

Co-Pay is a certain amount that you pay for medical costs. For example, you pay \$5 every time you have a prescription filled.

Pre-existing conditions - A Pre-existing condition is one that occurs before you get health coverage. Companies can and do exclude coverage for pre-existing conditions. Once you get sick or are diagnosed with a health condition, it is usually too late to get coverage. If you do find coverage, the price will be higher or the options will be lower. **ADVICE: GET HEALTH COVERAGE WHILE YOU ARE HEALTHY!**

Waivers and Exclusions - Some companies develop policies with certain exclusions in mind. An policy exclusion is a statement that the company will not pay for certain types of accidents or sicknesses. A Waiver becomes part of the policy after you sign it. A waiver usually is put together for the company to exclude a specific illness you may have or a previous injury. Most waivers are permanent. Waivers may come off of a policy only when you and the company agree to take them off. If you sign a waiver, most

of the time the only way to get coverage is to go buy a new policy.

Grievance - HMO and PPO plans are required to provide a way for you to appeal coverage or benefit decisions you believe are wrong. If you think your claim is incorrectly denied or you are being treated unfairly, state law requires plans to administer a process to resolve those disputes. This gives you a quick and inexpensive way to resolve a grievance. But you still have the right to sue the plan if necessary.

Pre-Certification - Some plans require that you pre-certify a healthcare service or procedure. If the policy states that prior approval by the company is needed, you may be stuck with the bill if you do not get a pre-certification.

Simple Lesson:

1. Bob's PPO states that his co-insurance is 80/20. Bob's bill just came in at \$200.00. The PPO pays \$_____ and Bob pays the doctor \$_____?

2. Heather signed a waiver that says her Pre-existing condition for bad hair coloring will not be covered. She signed up for an Indemnity plan that pays for basic accidents and sicknesses. If Heather had a bad hair coloring accident would the insurance company be required to pay? How long does her waiver last?

3. Say that you feel that your claim was mishandled or denied. What's the first and least expensive step to help you resolve your dispute?

- A. File a Grievance
- B. Call MDI
- C. Contact a Lawyer
- D. Pitch a fit in the lobby of the insurance company.

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Answers:
1. \$160 & \$40 2. Heather has signed a waiver, which does not come off until the company agrees or she gets other insurance 3. MDI recommends you start with "A", but is able to assist if needed. "D" is really not recommended.